

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
iga.in.gov

**FISCAL IMPACT STATEMENT**

**LS 6170**

**BILL NUMBER:** SB 32

**NOTE PREPARED:** Nov 9, 2023

**BILL AMENDED:**

**SUBJECT:** Tax and Fiscal Control over Libraries.

**FIRST AUTHOR:** Sen. Tomes

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill eliminates the authority of public libraries to impose an ad valorem property tax as a "taxing unit". It requires a public library to prepare and submit an annual budget in the same manner as other departments of county or municipal government.

The bill requires the fiscal body of a county or municipality in which the territory of the public library is located to provide the revenues necessary for the operation and maintenance of the public library by a special tax levy, a specific appropriation, or both. It also provides that a special tax levy for public library purposes is included in the calculation of the maximum permissible property tax levy for the county or municipality.

This bill prohibits public libraries from providing a function or service that is not a core public function of the library, unless the specific function or service is included as a line item request in the public library's budget and is approved and funded by the county or municipality to which the budget proposal is submitted. It defines "core public function" for purposes of the statute.

**Effective Date:** July 1, 2024.

**Explanation of State Expenditures:** *Department of Local Government Finance (DLGF):* This bill's provisions will likely result in a decrease of the administrative workload for the DLGF. Currently, the DLGF reviews and certifies the annual budgets for public libraries. For CY 2023, the DLGF reviewed and issued a certified budget order for 244 public library local units of government. Under this bill's provisions, public libraries will submit their annual budget information to the applicable county or municipality to be included in the county or municipality's budget submission. The end result will be fewer budgets reviewed and fewer budget orders issued by the DLGF.

## **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *County and Municipal Fiscal Bodies:* This bill's provisions will result in an increase of the administrative workload for county and municipal fiscal bodies. Currently, most public libraries submit their annual budgets to their respective library boards, which then review and adopt the budgets. Under this bill's provisions, public libraries will submit their annual budget information to the applicable county or municipality to be reviewed and adopted by the county or municipality's fiscal body. The end result will be additional budgets reviewed and adopted by the applicable county or municipality's fiscal body.

*Public Libraries:* This bill establishes the definition of core functions that public libraries are to carry out. These core functions are the provision of (1) public access to collection materials, public information, and research resources through a variety of media, including electronic means; (2) quiet areas for study; (3) technical assistance; and (4) acquisition services to meet the needs of members of the public. Starting January 1, 2025, this bill prohibits public libraries from providing services outside of these core functions unless the library provides a line item budget request for the activity in its annual budget that is approved by the applicable county or municipal fiscal body.

This bill's provision might result in a reduction of expenditures for public libraries to the extent that the libraries have been providing services outside of the defined core functions prior to January 1, 2025. The actual fiscal impact will vary from library to library and will be contingent on factors like the cost of providing the non-core services and whether the county or municipal fiscal body approves funding to continue those services.

**Explanation of Local Revenues:** *Public Library Maximum Levy:* Starting January 1, 2025, this bill removes public libraries from the definition of a taxing unit, which effectively eliminates a public library's ability to levy property taxes to help fund its operations. In order to continue funding the operations of a public library for CY 2025 and beyond, this bill takes the maximum levy for the library in CY 2024 (the last year that public libraries would be able to have their own dedicated property tax levy) and applies the CY 2025 maximum levy growth quotient to the CY 2024 maximum levy. That calculated amount is then added to the applicable county or municipality's maximum levy for CY 2025 and in effect, becomes the new maximum levy base for the county or municipality. In conjunction with the shift of the library's maximum levy amount to the applicable county or municipality, starting with the January 1, 2024, assessment date (for taxes payable in 2025), a new special taxing district that incorporates the boundaries for the library district is established that will allow the county or municipality to levy a special benefits tax for purposes of funding the operations and maintenance of the library. These provisions should have an overall neutral impact on the public library's revenues since the levy authority is simply being transferred from the public library to the applicable county or municipality.

**Additional Information** - The DLGF calculates a permissible maximum levy for each taxing unit on an annual basis. Generally, a taxing unit's growth in its property tax levy is capped year to year by the maximum levy growth quotient. For CY 2024 and CY 2025, this growth quotient is capped at 4%.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Public libraries; county and municipal fiscal bodies.

**Information Sources:** Local Government Budget Database.

**Fiscal Analyst:** James Johnson, 317-232-9869.